



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

AUDIT SERVICES

April 30, 2010

AUDIT CLOSURE MEMORANDUM

To: William J. Taggart
Chief Operating Officer
Federal Student Aid

From: Keith West /s/
Assistant Inspector General for Audit

Subject: Closure of Office of Inspector General Audit of the Characteristics of Loans
Purchased under the Authority of the *Ensuring Continued Access to Student
Loans Act of 2008*
Control Number ED-OIG/A03K0001

This memorandum is to advise you of the closure of our audit of the characteristics of loans purchased under the authority provided in the *Ensuring Continued Access to Student Loans Act of 2008* (ECASLA). We will not be issuing an audit report. The objective of the audit was to determine whether the characteristics of loans sold to the U.S. Department of Education (Department) under the ECASLA Participation and Purchase Programs were representative of the universe of Federal Family Education Loan Program (FFELP) loans for the 2008-2009 academic year.

During our fieldwork, we interviewed officials from Federal Student Aid (FSA) regarding the characteristics of the loans and the database that contains loan-level information. We requested, but had not yet received, 2008-2009 academic year loan-level data from FSA that included information about specific loan characteristics, such as first disbursement date, loan status, loan type, original lender, outstanding principal balance, and school type. We also reviewed the Agreed Upon Procedures reports of lender audits that identified any issues relating to these loan characteristics in the Department's database.

We are closing the audit because the SAFRA Act (Public Law 111-152), enacted on March 30, 2010, terminates the authority to make or insure new FFELP loans after June 30, 2010. Because no FFELP loans will be made or insured after June 2010, the value of our audit is significantly reduced, and we have determined that our audit resources would be better used for other purposes.

The work we performed was not extensive enough to answer the objective described above. However, the work performed did disclose that certain reporting requirements included in ECASLA were not met for fiscal years (FY) 2008 and 2009. We plan to address this matter separately, in an alert memorandum, because it was not related to the audit objective.

The closure of this audit does not preclude further reviews of this or similar areas by the Office of Inspector General (OIG) in the future, nor is our review to be construed as a substitute for any other reviews required by law, license, or accreditation. In addition, closure of this audit should not be interpreted as agreement with or endorsement of areas reviewed.

In accordance with the Freedom of Information Act (5 U.S.C. § 522), reports and other products issued by the OIG are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act. This memorandum will be made available on the OIG internet website.

We wish to express appreciation for the cooperation and assistance extended by your staff during the review. If you have any questions, please contact Bernard Tadley, Regional Inspector General for Audit at (215) 656-6279, or via email at bernard.tadley@ed.gov. No response to this memorandum is required.

Electronic cc:

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